

R E M A R K S

Applicants have considered the outstanding official action. It is respectfully submitted that the claims are directed to patentable subject matter as set forth below.

Claim 23 is rejected under 35 U.S.C. §112, second paragraph, for being indefinite based on the use of the terms "soft" and "semi-soft". Applicants have canceled claim 23. It is noted that while claim 23 has been canceled, the subject matter wherein the material is a magnetic element remains within the scope of the claims, in particular wherein the metal particles are claimed as being nickel.

The outstanding rejections are as follows:

- (1) Claims 3-8, 14, 22 and 23 under 35 U.S.C. §103(a) over Daems (EP 0 875 889 A1) in view of Posey-Dowty et al (U.S. Patent No. 5,994,530);
- (2) Claims 3-9, 14 and 21-23 under 35 U.S.C. §103(a) over Andriessen et al (U.S. Patent No. 6,187,508) in view of Posey-Dowty et al;
- (3) Claims 11-12 under 35 U.S.C. §103(a) over Andriessen et al or Daems in view of Posey-Dowty et al as applied above and further in view of Takahashi (U.S. Patent No. 4,405,706);

- (4) Claim 20 under 35 U.S.C. §103(a) over Andriessen et al or Daems in view of Posey-Dowty et al as applied above, and further in view of applicants' admission, i.e., that N-quaternized cellulose compounds per se are commercially available; and
- (5) Claim 24 under 35 U.S.C. §103(a) over Andriessen et al or Daems in view of Posey-Dowty et al as applied above.

Applicants note that claim 3 is the sole pending independent claim and that each of the above rejections are new.

As to the primary reference(s) of each of the outstanding rejections, i.e., Daems or Andriessen et al, the Examiner acknowledges that these references do not teach the claimed N-quaternized cellulose. The Examiner relies on the newly cited Posey-Dowty et al to supply this missing teaching. Applicants submit, however, that Posey-Dowty et al also does not teach or suggest the claimed N-quaternized cellulose.

More specifically, Posey-Dowty et al describes pigment dispersions containing certain cellulose ester derivatives, namely C₂₋₄ esters of carboxy (C₁₋₃) cellulose, such as carboxy methyl cellulose. N-quaternized celluloses as claimed by applicants are not encompassed by the esters disclosed in Posey-Dowty since such esters do not contain

quaternized nitrogen groups, i.e., nitrogen atoms having a positive charge and four chemical bonds.

Further, Posey-Dowty et al does not intrinsically disclose at column 3, lines 56+, N-quaternized derivatives of specific esters. The addition of ammonia or an amine will only produce a more soluble ammonium salt. Such salt, however, is not a N-quaternized derivative which is a compound having positively charged nitrogen atoms, each with 4 covalent bonds and built into the polymeric molecular structure of the cellulose derivative.

Thus, applicants respectfully submit that the combination of Daems or Andriessen et al in view of Posey-Dowty et al does not teach or suggest the claimed invention. The secondary references or applicants' admission as further applied by the Examiner to certain dependent claims do not make up for the shortcomings of Daems, Andriessen et al and Posey-Dowty et al. Takahashi et al is only relied on for teaching a further limitation in dependent claims 11 and 12. Applicants' admission that N-quaternized cellulose compounds are commercially available does not teach or suggest the use of such as claimed by applicant. Posey-Dowty et al does not provide any suggestion as to using such compound since the specific example disclosed by applicants, CELQUAT, is not an ester (see page 8, first full paragraph, of the captioned

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specification) and thus there is no suggestion to substitute such compound for the ester taught in Posey-Dowty et al.

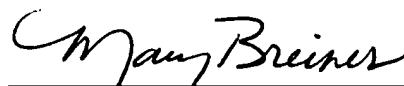
Accordingly, applicants respectfully submit that the claimed invention is distinct from that of the applied references and, thus, is not rendered obvious within the meaning of 35 U.S.C. §103.

Reconsideration and allowance of the claims is therefore respectfully urged.

Respectfully submitted,

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